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SCOTT ELLIOTT

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February 17, 2005

RECEIVED
2005 FEB 17 PM 4:20
SC PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Mr. Charles Terreni
Chief Clerk of the Commission
SC Public Service Commission
P. O. Drawer 11649
Columbia, SC 29211

RE: Application of Midlands Utility, Inc. for an approval of New
Schedule of Rates and Chares for Sewage Service provided to
its customers in Richland, Lexington, Fairfield and Orangeburg Counties.
Docket No.: 2004-297-S

Dear Mr. Terreni:

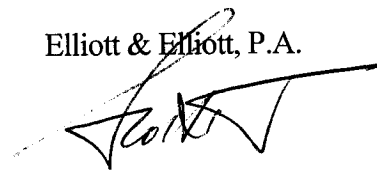
Enclosed please find the original and twenty-five (25) copies of the **Rebuttal Testimony of Keith G. Parnell** and the original and twenty-five (25) copies of the **Rebuttal Testimony of Charles K. (Ken) Parnell** filed on behalf of Midlands Utility, Inc. in the above referenced docket. By copy of this letter, I am serving all parties of record.

I have enclosed an extra copy of this testimony which I would ask you to date stamp and return to me by my courier.

If you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/jcl

Enclosures

c: All parties of records w/enc.

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that he has served below listed parties with a copy of the Rebuttal Testimony of Keith G. Parnell and Charles K. (Ken) Parnell on behalf of Midlands Utility, Inc., indicated below by hand delivery:

RE: Application of Midlands Utility, Inc. for an approval of New Schedule of Rates and Chares for Sewage Service provided to its customers in Richland, Lexington, Fairfield and Orangeburg Counties.

Docket No.: 2004-297-S

PARTIES SERVED:

Florence P. Belser, Esquire
ORS
P. O. Box 11263
Columbia, SC 29211

Wendy B. Cartledge, Esquire
ORS
P. O. Box 11263
Columbia, SC 29211

SC PUBLIC SERVICE
COMMISSION

2005 FEB 17 PM 4: 20

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Charles H. Cook

February 17, 2005

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2005 FEB 17 PM 4: 21

SC PUBLIC SERVICE
COMMISSION

**THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA**

DOCKET No.: 2004-297-S

**Application of Midlands Utility, Inc. for an approval
of New Schedule of Rates and Charges for Sewage
Service provided to its customers in Richland, Lexington,
Fairfield and Orangeburg Counties.**

PREFILED REBUTTAL TESTIMONY

OF

KEITH G. PARNELL

February 17, 2005

RETURN DATE: OK DB Duke
SERVICE: OK DB Duke

1 REBUTTAL TESTIMONY OF
2 KEITH G. PARNELL
3 FOR
4 MIDLANDS UTILITY, INC.
5

6 DOCKET NO. 2004-297-S
7

8 **Q. Please state your name, business address and your affiliation with the**
9 **applicant Midlands Utility, Inc. (Midlands)**

10 A. Keith G. Parnell, 816 East Main Street, Lexington, South Carolina 29072. I am
11 the President and Operations Manager for Midlands. I am also Operations Manager for
12 Development Service, Inc. (DSI) and Bush River Utilities, Inc., (Bush River)
13 respectively.

14 **Q. Mr. Parnell, what is the purpose of your rebuttal testimony?**

15 A. The purpose of my rebuttal testimony is to address certain questions raised by the
16 Office of Regulatory Staff witnesses.

17 **Q. ORS witness Dawn M. Hipp makes certain recommendations concerning**
18 **Midlands' future compliance with the regulations of the South Carolina Public**
19 **Service Commission. Does Midlands have any objections to complying with Ms.**
20 **Hipp's recommendations?**

21 A. First, allow me to point out that Midlands has already begun to comply with the
22 recommendations proposed by Ms. Hipp in the dockets for DSI and Bush River. For
23 instance Midlands has updated its billing form to include a reference to the applicable
24 rate schedule in compliance with the regulations of this Commission. In addition,
25 Midlands has stated its office hours clearly on its billing form, will change its telephone
26 emergency identification and has submitted an updated authorized utility representative
27 form. Currently our certified public accountant is changing our chart of accounts to

1 correspond with NARUC requirements. The ORS auditors have been thorough in their
2 efforts to work with us at Midlands, Bush River and DSI in response to our rate increase
3 applications. Their recommendations have been helpful.

4 **Q. Ms. Hipp raises a question as to whether the appropriate interest has been**
5 **credited to the customer's deposits. How would you respond?**

6 A. This Commission has changed the interest to be charged customer accounts to
7 3.5% effective January 1, 2004 whereas prior to that time, deposits bore interest of 8%.
8 Ms. Hipp recommends that we review deposit customer accounts, and ascertain the
9 correct interest due on such accounts and adjust the accounts or refund any balance due
10 our customers. This recommendation is reasonable and we accept its terms. We would
11 urge that the 3.5% rate is still too high for current market conditions and we hope further
12 relief in an interest reduction tied to a published index will be soon adopted.

13 **Q. Ms. Hipp recommends a bond in the amount of \$350,000.00. Does Midlands**
14 **accept the ORS bond requirement as reasonable?**

15 A. No. We acknowledge and accept this Commission's ruling in the previous rate
16 case involving DSI that a minimum bond of \$100,000.00 is necessary by statute.
17 Midlands is struggling and making every effort to comply with the regulatory
18 requirements of the DHEC and this Commission. It is still unclear and at what cost such
19 a bond can be obtained. Our insurance broker does not and will not write such a bond.
20 My brother and partner C. Ken Parnell and I both have pledged all our assets to the bank
21 as security for the wastewater treatment facility upgrades required by Midlands and Bush
22 River. Last, we have pledged our assets in the surety bond currently on record with this
23 Commission. We must respectfully urge this Commission to waive a bond in excess of a
24 minimum amount.

1 **Q. Next, Ms. Hipp recommends that Midlands conduct a review and analysis of**
2 **all charges for disconnect notices. Are you prepared to comply with this**
3 **recommendation?**

4 A. Of course, we will review any charges assessed for disconnect charges and make
5 the necessary adjustments for overcharges of these amounts on our customer's accounts
6 in accordance with the regulations of this Commission.

7 **Q. Ms. Hipp recommends that Midlands maintain its books and records for**
8 **sewer operations in accordance with the NAURC uniform system of accounts. Is**
9 **Midlands prepared to comply with this recommendation?**

10 A. Yes. As previously stated, we have changed our chart of accounts for Bush River
11 and DSI to the NARUC system already. Midlands will be updated with respect to the
12 end of its fiscal year. However, I would point out that with respect to certain accounting
13 principles such as depreciation, the NARUC system of accounts is very flexible. NARUC
14 would permit the Commission to accept Midlands' depreciation recommendations since
15 the provisions for depreciation recognize the variables and issues of changes which
16 require shorter depreciation schedules. Ken Parnell will address the depreciation
17 schedules appropriate for the plants and equipment used and to be upgraded.

18 **Q. Ms. Hipp recommends that Midlands separate collection only charges from**
19 **outside treatment provider charges on its billing to provide clarity to its customers.**
20 **Will Midlands accept this recommendation?**

21 A. Yes.

22 **Q. Ms. Hipp objects to the proposed increase in tap fees. Are the requested**
23 **increases in tap fees justified?**

1 A. Yes. We have furnished adequate information justifying the increase to tap fees.
2 We believe the ORS auditors have sufficient basis to support Midlands' need for
3 increased fee charges which have not been increased since my family has owned these
4 three companies. In addition, we are confident the necessity to increase the tap fee for
5 the recapture of plant investment is justified and is of benefit to our existing customers.

6 **Q. Mr. Parnell, do you have a response to any of the direct testimony given by**
7 **Mr. Roy Barnette of the ORS audit staff.**

8 A. Yes. Actually, we think Mr. Barnette is a very accomplished and pragmatic
9 auditor. Independent of his capabilities, we do not agree with all of the adjustments in his
10 report. Many of the adjustments deny necessary revenue which is known and measurable.
11 For instance, requiring Midlands to amortize its legal and other professional rate
12 expenses for this filing over five years rather than three years is unfair and unrealistic.
13 Obviously the five years penalizes the company for not seeking rate increases more often.
14 Furthermore, in spite of the fact that we have fully cooperated with the ORS and have
15 provided it with the documentation it has requested, ORS Staff has made many
16 judgments disallowing cost recoveries for lack of justification. Moreover, much has been
17 said through testimony recommending that our three utilities should be merged. In point
18 of fact, we have assigned and allocated equipment and costs internally as if merged;
19 however, according to Mr. Barnette's report many items are repeatedly adjusted and
20 disallowed as inappropriate with resulting adjustments.

21 **Q. Mr. Parnell, do you have additional specific responses to Mr. Barnett's**
22 **testimony?**

23 A. Yes. There are a few adjustments that really need consideration more in favor of
24 Midlands. In adjustment #3 of Mr. Barnett's testimony, line 14, page 6, ORS determined

1 that no salary increase for officers were given during the test year and therefore no
2 adjustment was proposed. The \$19,808 in question is intended as compensation for my
3 brother Ken Parnell. He has put in substantial hours attending meetings, helping with
4 loan matters, planning and engineering expertise. It is not right that he is disallowed this
5 salary amount. He has saved our customers significant dollars through his participation
6 and contribution to Midlands and our other sister companies. He should not be expected
7 to donate his time?

8 **Q. Do you have further issues relative to Mr. Barnett's adjustments?**

9 A. Yes. Mr. Barnett's testimony adjustment #5, line 20, page 6, proposes to reduce
10 O&M expenses by disallowing a total of \$16,692 shown in audit exhibit A-2 from
11 operating and maintenance to capitalization. Realistically this should remain on expense
12 category since our operating history reflects at least that amount or more yearly in
13 breakage to plant and equipment.

14 **Q. What other issues would you address?**

15 A. Mr. Barnett is unwilling in his testimony to recognize the payable due to DSI in
16 the amount of \$27,120. Midlands operates and maintains two pieces of equipment owned
17 by DSI, a backhoe and a generator. Both pieces of equipment are necessary to the
18 operation of a sewer system such as ours. Midlands operates DSI's 420D backhoe 95%
19 of the time and operates DSI's XQ125 generator 100% of the time. The weekly, monthly
20 or annual rental from any commercial company leasing this equipment would more than
21 exceed the agreed upon value established between Midlands and DSI. In fact, Blanchard
22 Machinery, one of the two providers with whose prices we are familiar, quotes a monthly
23 rental of DSI's backhoe of \$1,500.00 a month and a monthly rental of DSI's generator of
24 \$2,625 per month. I would point out that the same amount of \$27,120 was a receivable

1 due DSI from Midlands which was disallowed in the DSI order of the Commission. We
2 will seek reconsidered by the Commission on a timely basis. DSI purchased the
3 equipment and benefited Midlands' customers. Since a tax credit could be obtained by
4 DSI's federal tax status, it was worth approximately \$100,000 to revenue. Please see
5 **Exhibit 1** attached showing a quotation from Blanchard Machinery of \$1,500 per month
6 for the rental of a 420D backhoe and a quotation from Blanchard Power Systems of
7 \$2,625 per month for 200 hours usage of a XQ125 generator. Also included in this
8 exhibit please find Blanchard's current machinery rental price list.

9 **Q. What are the next items in Mr. Barnett's testimony disallowed but**
10 **nevertheless justified by Midlands as appropriate expense?**

11 A. In Mr. Barnett's adjustment #18, line 13, page 10, ORS proposes an adjustment to
12 professional fees for legal consulting and specific attorney fees paid during the test year.
13 Specifically ORS removed \$47,464 in legal fees suggesting that the reasons for the
14 services pertained to the 208 Plan Amendments or for services outside of the test year
15 dealing with litigation. The fees totaled \$163,463. We believe the disallowed amount
16 was legitimate by Midlands as an expense since the first 208 amendments benefited
17 Midlands and its customers. By our actively pursuing the 208 amendments, we obtained
18 some assurance that the capital outlays we are asking this Commission to approve will
19 not be taken away by DHEC's insistence that smaller dischargers tie to regional facilities.
20 We believe the \$47,464 is a small price to pay to protect the two million dollar plus
21 investments we now have asked this Commission to approve. We also litigated with the
22 City of Cayce to avoid paying the difference between the outside rate and 150% of the
23 inside rate since the year 2000. We calculate this difference could lead to a possible
24 liability to Midlands of greater than \$300,000.

1 **Q. Mr. Parnell, do you object to Mr. Barnett's treatment of interest expense?**

2 A. The ORS adjustment #33, line 10, page 15, proposes an adjustment to interest
3 expense of \$32,756. ORS apparently now allows for an appropriate interest expense after
4 Midlands facilities are built. However, this adjustment over inflates the operating margin
5 during construction which eliminates interest and depreciation required during
6 construction. We simply cannot build the upgrades out of pocket without sufficient
7 income to service the borrowed funds both during and after construction. Obviously that
8 is part of the whole phase in of increases in rates.

9 **Q. Generally, what are the major problems with the adjustments shown?**

10 A. The ORS Staff appears to make adjustments and disallowances according to
11 NARUC and other guidelines which do not constitute law but rather call for judgment as
12 to appropriate expenses, cost and allocations. These adjustments deprive us of sufficient
13 revenue. The rates which we have requested are documented with known and
14 measurable evidence. Midlands requires substantial rate increases with a resulting
15 substantial operating margin necessary if Mr. Barnett's testimony and exhibits with
16 adjustments are confirmed without recognition of our revenue and expense issues
17 testified to here.

18 **Q. Does this complete your rebuttal testimony?**

19 A. Yes.

EXHIBIT 1
to the
Rebuttal testimony
of
Keith G. Parnell



SUMMERVILLE ☐

COLUMBIA ☒

GREENVILLE ☐

MYRTLE BEACH ☐

DATE 2-17-05

QUOTATION

COMPANY	
ATTENTION	
CITY/STATE/ZIP	
PHONE ()	REQUESTED BY
TAX EXEMPT YES <input type="checkbox"/> NO <input type="checkbox"/>	TAX #
LITERATURE ATTACHED	
<p>Thank you for allowing us to submit the following quotation. The prices are firm for one month (30 days) from date of quotation, unless otherwise specified.</p>	

[illegible]

WHITE - Customers

YF110W - File

PINK - Sales Representative

Blanchard
POWER SYSTEMS

February 17, 2005

Midlands Utility
816 East Main St.
Lexington, SC 29072

ATTN: Keith Carnell

(803) 513-8683 Phone
(803) 771-8010 Fax

Blanchard Power Systems is pleased to offer the following quote for your consideration:

Rental of (1) Caterpillar Model XQ125 diesel Powered generator set rated 125kw prime power At 277/480 VAC, 3 phase, 60 Hz capable of Producing 160 Amps per phase.	\$875/week/50 hours or \$2,625/mth/200 hours
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Freight Total	\$350/delivery/pick-up
---------------	-------------------------------

- Quote does not include applicable state and local taxes.
- Hourly overtime is 1/50 of the base rate. Base Rate allows: 10hrs. Per day, 50 hours Per week, or 200 hrs. Per month
- Total charges (base rate plus over-time) will not exceed two times the base rate (unlimited use rate)
- Fuel delivery can be arranged and turn-keyed on a daily basis by Blanchard Power at \$3.00 per gallon
- A refueling charge of \$2.50/Gallon will apply if unit is returned low

This quote is valid for 30 days and availability is subject to prior rental or sale.

Mr. Carnell, thank you for this opportunity. Please give me a call if you have any questions or concerns with this quote.

Sincerely,

Chet Hasting
Power Systems Rental Solutions Provider
PH: (803) 791-7100
Cell: (803) 513-8174

RENTAL PRODUCT GUIDE

Sales Team and Locations

Billy Canada
Heavy Sales Representative

Andy Chapman
Heavy Sales Representative

Rainey Josey
Heavy Sales Representative

Ryan Luthren
Heavy Sales Representative

Keith Wright
Heavy Sales Representative

Barry Sullivan
Heavy Sales Representative

Kevin Futch
Heavy Sales Representative

Sean Fitzgerald
Rental/Used Generator Manager

Brian Smith
Heavy Sales Representative

Bill Mimms
Heavy Sales Representative

Dale Atkerson
Heavy Sales Representative

Mike Campbell
Heavy Sales Representative

Harry Hurley
Heavy Sales Representative

Jim Johnston
Heavy Sales Representative





D3G	\$925	\$2,750	6 WAY BLADE	70	8
D3GLGP	\$1,000	\$3,000	6 WAY BLADE	70	8.5
D4G	\$1,100	\$3,250	6 WAY BLADE	80	8.25
D4GLGP	\$1,250	\$3,750	6 WAY BLADE	80	8.5
D5G	\$1,350	\$4,000	6 WAY BLADE	90	9.75
D5GLGP	\$1,425	\$4,250	6 WAY BLADE	90	10
D5M	\$1,750	\$5,250	6 WAY BLADE	110	13.5
D5MLGP	\$1,850	\$5,500	6 WAY BLADE	110	14.5
D6M	\$2,100	\$6,250	6 WAY BLADE	140	17
D6MLGP	\$2,250	\$6,750	6 WAY BLADE	140	18.5
D6R	\$2,500	\$7,500	SU BLADE	175	21
D6RXW	\$2,600	\$7,750	SU BLADE	185	22
D6RLGP	\$2,700	\$8,000	S BLADE	185	23
D7RLGP	\$3,500	\$10,500	S BLADE	240	30
D8R	\$4,200	\$12,500	SU BLADE	305	41.5
D8R W/ RIPPER	\$5,000	\$15,000	SU BLADE	305	46

WHEEL LOADERS

902	\$750	\$2,200	W/ .80 CU YD BKT	45	5
906	\$875	\$2,600	W/ 1.0 CU YD BKT	60	5.5
908	\$1,000	\$3,000	W/ 1.3 CU YD BKT	82	6.5
924GZ	\$1,250	\$3,750	W/ 2.6 CU YD BKT	110	11.25
928G	\$1,500	\$4,500	W/ 2.75 CU YD BKT	125	12.75
938G	\$1,675	\$5,000	W/ 3.4 CU YD BKT	160	14.5
950G	\$1,925	\$5,750	W/ 4.0 CU YD BKT	180	19.5
962G	\$2,250	\$6,750	W/ 4.25 CU YD BKT	200	20.5
966G	\$2,500	\$7,500	W/ 5.0 CU YD BKT	235	25
972G	\$3,000	\$9,000	W/ 5.5 CU YD BKT	265	27.75
980G	\$4,000	\$12,000	W/ 6.5 CU YD BKT	300	32.5
IT14G	\$1,100	\$3,250	W/ 1.7 CU YD BKT	90	8.75
IT24G	\$1,350	\$4,000	W/ 2.25 CU YD BKT	110	11.5
IT28G	\$1,600	\$4,750	W/ 2.5 CU YD BKT	125	13.25
IT38G	\$1,850	\$5,500	W/ 3.0 CU YD BKT	160	14.5

BACKHOE LOADERS

416D 2WD	\$475	\$1,150		75	7
416D 4WD	\$525	\$1,300		75	7.5
420D 4WD	\$600	\$1,500		85	8
420D 4IT	\$725	\$1,800		85	8

HYDRAULIC EXCAVATORS

302.5	\$425	\$1,025	W/ BUCKET	23	1.75
302.5	\$425	\$1,025	W/ BUCKET	26	2.75

304.5	\$550	\$1,375	W/ BUCKET	37	5
305CR	\$600	\$1,500	W/ BUCKET	42	5.5
307C	\$925	\$2,750	.45 CU YD BKT	54	9.25
311C	\$1,000	\$3,000	.82 CU YD BKT	79	12.25
312CL	\$1,175	\$3,500	.82 CU YD BKT	90	14.5
314CL CR	\$1,350	\$4,000	.82 CU YD BKT	90	16.25
315CL	\$1,425	\$4,250	.90 CU YD BKT	110	18.5
320CL	\$1,600	\$4,750	1.25 CU YD BKT	138	23.25
322CL	\$1,950	\$5,750	1.75 CU YD BKT	153	26.5
325CL	\$2,100	\$6,250	1.75 CU YD BKT	168	30.5
330CL	\$2,600	\$7,750	2.5 CU YD BKT	222	37.25
345CL	\$4,000	\$12,000	3.5 CU YD BKT	321	50
320CL LONG REACH	\$2,500	\$7,500	.60 CU YD BKT	138	25
322CL LONG REACH	\$3,200	\$9,600	.80 CU YD BKT	165	29.75
M318	\$2,250	\$6,750	WHEELED HYD EX	140	20

TELESCOPIC HANDLERS

TH63	\$700	\$1,750	6000 LB/41 FT	105	10.25
TH83	\$800	\$2,000	8000 LB/41 FT	105	11
TH103	\$900	\$2,250	10,000 LB/44 FT	105	14

ARTICULATED DUMP TRUCKS

120H	\$1,850	\$5,500	SCARIFIER	125	12.5
12H	\$2,200	\$6,500	SCARIFIER	140	14.5

TRACTOR SCRAPERS

613CWW	\$2,350	\$7,000	5000 GALLON WAGON	175	16.5
613C	\$2,500	\$7,500	11 CU YD	175	16.5
615C	\$3,700	\$11,000	17 CU YD	265	28.25
621G	\$4,200	\$12,500	21 CU YD	330	40.5

ARTICULATED DUMP TRUCKS

725	\$2,500	\$7,500	25 TON	280	24
730	\$2,850	\$8,500	30 TON	305	25

PAVING PRODUCTS

CS323C	\$850	\$2,500	50"-7.5 TON SMOOTH	70	5
CS433C	\$1,000	\$3,000	66"-14 TON SMOOTH	105	7.5
CS563D	\$1,350	\$4,000	84"-25 TON SMOOTH	153	12
CP323C	\$900	\$2,700	50"-7.5 TON PADFOOT	70	5.25
CP433C	\$1,100	\$3,250	66"-14 TON PADFOOT	105	7.75
CP563D	\$1,500	\$4,500	84"-25 TON PADFOOT	153	12.5
PS150B	\$750	\$2,250	9 WHEEL PNEUMATIC	70	14.25
CB214D	\$425	\$1,250	40" DUAL DRUM	31.5	2.5

2257

CB634C	\$1,675	\$4,000	07 DUAL DRUM	105	10
SS250B	\$4,000	\$12,000	84" DUAL DRUM	145	13
			SOIL STABILIZER	335	15.75

COMPACTORS

815F	\$2,850	\$8,500	STRAIGHT BLADE	220	23
			BLADE W/TILT		

RUBBER-BELTED TRACKS

CH65E	\$2,350	\$7,000	310 GROSS HP		17.5
CH75E	\$2,500	\$7,500	340 GROSS HP		17.5
CH85E	\$2,700	\$8,000	375 GROSS HP		18
CH95E	\$2,850	\$8,500	410 GROSS HP		18

TOWED SCRAPERS

15 YD	\$750	\$2,000	10 FOOT CUT		8
17.5 YD	\$800	\$2,500	10 FOOT CUT		8.5

TOWED SCRAPERS

40kW	\$450	\$1,350		\$6.50	
60kW	\$525	\$1,575		\$8.25	
75kW	\$650	\$1,950		\$9.50	
100kW	\$775	\$2,325		\$12.00	
125kW	\$950	\$2,850		\$14.00	
150kW	\$1,000	\$3,000		\$15.00	
175kW	\$1,125	\$3,375		\$17.50	
200kW	\$1,200	\$3,600		\$18.00	
225kW	\$1,300	\$3,900		\$20.00	
250kW	\$1,400	\$4,200		\$22.00	
300kW	\$1,600	\$4,800		\$24.00	
350kW	\$1,950	\$5,850		\$28.00	
400kW	\$2,275	\$6,825		\$31.00	
500kW	\$2,500	\$7,500		\$35.00	
600kW	\$2,700	\$8,100		\$42.00	
750kW	\$3,000	\$9,000		\$45.00	
800kW	\$3,200	\$9,600		\$50.00	
900kW	\$3,600	\$10,800		\$60.00	
1000kW	\$4,000	\$12,000		\$65.00	
1250kW	\$5,000	\$15,000		\$70.00	
1500kW	\$6,000	\$18,000		\$80.00	
1750kW	\$6,500	\$19,500		\$90.00	
2000kW	\$7,500	\$22,500		\$100.00	

COLUMBIA 803.791.7100 • GREENVILLE 864.963.3645 • SUMMERVILLE 843.871.2000
 FLORENCE 843.678.8520 • ROCK HILL 803.324.9600 • MYRTLE BEACH 843.399.1692 • HILTON HEAD 843-784-6766

SKID STEER LOADERS	WEEKLY RATE 40 HR	4-WEEK RATE 160 HR	FWHP	SHIPPING WT (TONS)
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216	\$400	\$1,000	1350 LB RATED CAP	49	2.75
226	\$400	\$1,000	1500 LB RATED CAP	54	2.75
232	\$450	\$1,100	1750 LB RATED CAP	48	3.3
236	\$450	\$1,100	1750 LB RATED CAP	59	3.5
242	\$450	\$1,100	2000 LB RATED CAP	54	3.4
246	\$500	\$1,250	2000 LB RATED CAP	74	3.6
248	\$500	\$1,250	2000 LB RATED CAP	74	3.75
252	\$450	\$1,100	2500 LB RATED CAP	59	3.5
262	\$500	\$1,250	2500 LB RATED CAP	74	3.6

TRACK TYPE LOADERS

933C	\$1,100	\$3,250	W/ 1.25 CU YD BKT	70	9.5
939C	\$1,350	\$4,000	W/ 1.50 CU YD BKT	90	10.75
953C	\$2,000	\$6,000	W/ 2.0 CU YD BKT	121	16.25
963C	\$2,500	\$7,500	W/ 2.6 CU YD BKT	160	21

TERMS & CONDITIONS

Taxes: All rates are subject to state and local taxes

Rates: Rental rates are based on an 8-hour day/40-hour week/160-hour 4 week. Overage on hours will be invoiced on a prorated basis.

Payment Terms: All rental payments are due in advance

Transportation: Rental customers can pick-up and return rental machines or Blanchard will arrange transportation at a nominal charge.

Insurance: Lessee will be responsible for providing property and liability coverage or at the request of the lessee, Blanchard will provide insurance at a nominal charge. Rental rates effective July 1, 2002. All rates are subject to change without notice.

Customer will be held responsible for:

- Any damage to machine
 - Tire damage or excessive wear
 - Replacing bucket teeth and cutting edges as needed
 - Lubricating required areas daily
 - Changing all lubricants and fluid levels at required intervals
 - Inspecting rental unit for damage, wear, leaks, etc. daily
 - Checking and maintaining all fluid levels
- Machine will be sent out full of fuel. A charge will be added to billing invoice if Blanchard refuels when returned.

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